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BALTIMORE SUN
27 April 1986

Nicaragua's economic crisis deepens

By Stephens Broening
Sun Staff Correspondent

NICARAGUA
REVOLUTION UNDER STRESS

First of three parts

MANAGUA, Nicaragua — In a country where children are taught arithmetic by counting hand grenades and assault rifles, many things don't add up.

With help from the Warsaw Pact the army is much bigger and stronger and there's enough oil, but the basic foods that used to be plentiful here are now rationed; the capital is without water two days a week, verging on three; machinery is breaking down; and the new cotton harvest has come in far short of urgent export needs.

By all accounts Nicaragua's standard of living is falling. "We are a poor society, poorer than before," says Angela Saballos, a Foreign Ministry spokesman.

Having promised well-being when they overthrew the corrupt dictatorship of Anastasio Somoza Debayle seven years ago this July, the Marxist revolutionaries in power find themselves strapped to an economy of scarcity.

The most common expression in popular speech seems to be "*no hay*" — there isn't any. "They ought to create a new ministry," a young engineer said, "the Ministerio de No Hay."

Daniel Ortega Saavedra, comandante of the revolution, member of the nine-man Sandinista National Directorate and president of Nicaragua, considers things so critical that he recently made a secret request to a number of Western European countries for an emergency loan of $300 million to tide him over for a year. He is not expected to get it.

The economic outlook is for more of the same — or worse. It is an unstated but actual objective of the U.S. government to further this deterioration, with the aim of destabilizing the government of Nicaragua.

Xavier Gorostiaga, a Panamanian Jesuit who advises the government on economics, said the other day he expected "a prolonged crisis."

Forecasting a new round of price increases, he said the coming months will be especially difficult for ordinary people, in whose name the Sandinistas rule.

On March 10, the government nearly doubled the price of rice (from 21 to 40 cordobas a pound), raised the price of sugar (from 16 to 35 cordobas a pound) and milk (18 to 40 cordobas a liter) and more than tripled the price of corn (from 10 to 35 cordobas a pound). Rice, sugar and milk are rationed, as are beans and cooking oil.

Salaries, set by decree in 28 classifications, went up an average of about 50 percent.

The minimum monthly wage rose by 47 percent, from 7,100 cordobas to 10,560 cordobas. At the current exchange rate of 880 cordobas to the dollar, that brings an unskilled worker's pay to $12 a month. Technicians' pay rose the most, by 90 percent, to 42,000 cordobas a month, while the managers in Group XXVIII, at the top of the scale, had their salaries increase by 61 percent, to 87,600 cordobas.

Western economists estimate that for many urban families food prices and family income are near the point where they just about balance out. Although there is crushing poverty in the countryside, there is enough grain and private livestock to maintain a subsistence diet.

Nationwide, unemployment is officially put at 20 percent but is assumed to be much higher, with few new jobs being created outside the army.

For Father Gorostiaga, the most worrisome economic development is the rapid and almost simultaneous deterioration of Nicaragua's physical plant — the machinery that keeps the country running. Manufacturing was down more than 10 percent last year, and due to a paucity of hard currency for imports of new, more efficient machinery, the prospect is for further decline. The balance of payments deficit last year was more than $500 million, quite large for a nation of scarcely 3 million people.

Where the need for replenishment is most apparent is in the country's fleet of civilian motor vehicles. One-third of the city's overcrowded buses are kept in the garage every day due to breakdowns. For aging private passenger cars there's a lively trade in spare parts; the man with a clutch plate for a 1975 Toyota can name his own price.

The breakdowns may be most intrusive, though, at Asososca Lagoon, the reservoir that supplies half the 45 million gallons of drinking water that Managua uses every day. The bushings on the main pumps are worn out and because of U.S. trade restrictions, officials here say, the parts can't be bought from the United States. So until new pumps can be obtained from the Soviet Union there could be further limits on water use, perhaps a three-day-a-week cutoff, according to Otoniel Arguello, head of the national water supply department.

The water pumps are a metaphor in Managua for what's gone wrong. Government officials say it's the fault of what they call the U.S. "blockade," the trade embargo ordered by the Reagan administration as a sanction against what Washington charges are attempts by the government here to subvert its neighbors. Opponents of the government contend that, with a little foresight and prudent management, bushings for the pumps could have been acquired in plenty of time through Panama, as many other items are.

Whom the Nicaraguan public finally blames for the accumulating economic crisis is considered to be a factor in determining the outcome of a U.S. policy described by some diplomats as the aggressive destabilization of the Sandinista regime.

As a formal declared policy, the United States says it is exerting pressure on the Nicaraguan government for the purpose of getting it to negotiate with its opposition, including the U.S.-backed armed opposition known as the "contras" based mostly in border areas of Honduras.

According to U.S. officials familiar with the Reagan administration's inner workings, U.S. policy objectives are more ambitious, aiming at the downfall of the Sandinista regime.

"The economy is their Achilles heel," one U.S. diplomat said of the Nicaraguans.

The last time the Nicaraguan government allowed a public opinion poll, in August 1981, 39.3 percent of the people who were asked attributed the country's economic difficulties to the "heritage of the [Somoza] dictatorship," while 19.5 percent blamed "government inefficiency," and 8.7 percent held "the North Americans" responsible. The rest of the replies were scattered.

In the 1981 poll, "scarcities" was by far the biggest complaint about the revolution; it was mentioned as the worst problem by 20 percent of those polled. Nearly five years later the scarcities are much greater and there is audible grumbling about it.

But, said a West European ambassador with years of experience here, "There is no hunger. This is not Ethiopia. And it is unrealistic to expect the people to have an uprising — if indeed that is what the United States expects."

For one thing the Soviet bloc is helping in key areas. In addition to oil, the Soviets are shipping grains to cover some of the food shortfall and have just signed an agreement with Agriculture Minister Jaime Wheelock to provide tractors and other farm machinery. Bulgaria has a food canning project in the works and the East Germans are sending trucks. But there are limits to the Soviet commitment: "We believe they will pay, but they won't protect Nicaragua," said a senior Western diplomat.

Though the regime has been praised for efforts in promoting literacy and establishing a rudimentary system of free health care, it is not credited with broad popular support. The estimate most often heard here is that, at most, 30 percent of the people approve of it. That may be enough, in the view of even the regime's critics.

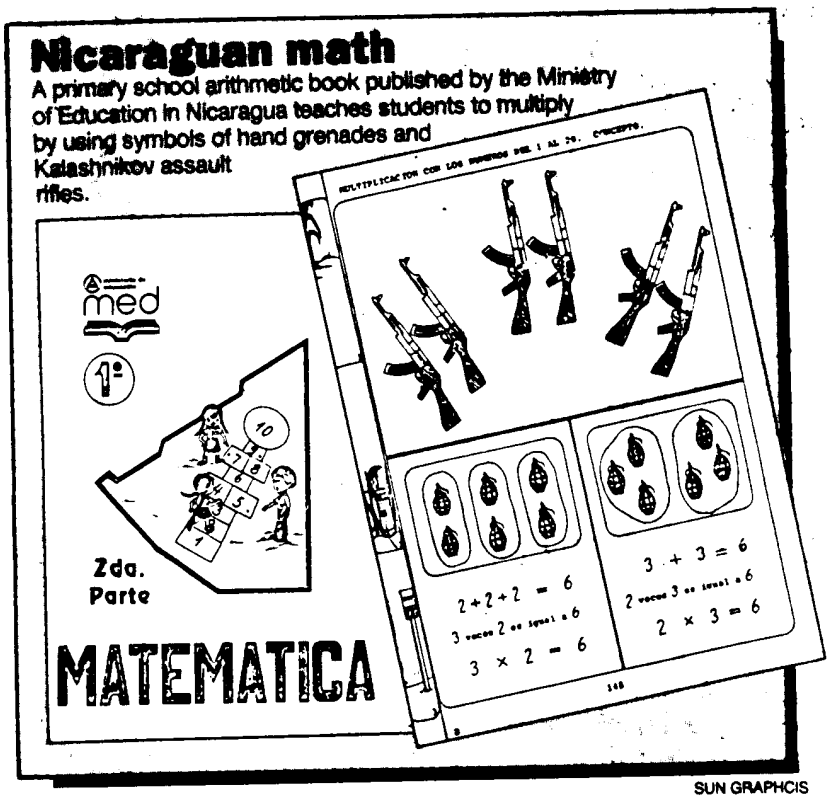
"They have the weapons to stay in power," said Roberto Cardenal Chamorro, head of the editorial board of *La Prensa*, Nicaragua's heavily censored — and only — independent national daily newspaper.

Most of the weapons are in the hands of the regular army, which, at 60,000 men and women, is the largest in Central America. The main source of manpower for the army is the draft, instituted in 1983. Officials concede that conscription is unpopular and that there is significant draft evasion, although they won't say how significant. The government runs a radio and TV campaign to fight it, and the biggest billboard in Managua shows a happy soldier with his arm upraised in enthusiasm as if he's leading a charge. "Let's do our duty!!" the billboard says. Long before they are eligible for the draft, Nicaraguans are exposed in primary school to the symbols of combat. A first-year arithmetic textbook published by the Ministry of Education uses pictures of hand grenades and Kalashnikov assault rifles as aids in learning basic math.

In addition to the army, the regime has secret police, and it determines through direct controls or censorship what is read or seen. It has set up a people's militia as an armed reserve force and it has established a nationwide network of Sandinista Defense Committees (CDS), based on a system of political control widely used in Cuba.

Nicaraguan math

A primary school arithmetic book published by the Ministry of Education in Nicaragua teaches students to multiply by using symbols of hand grenades and Kalashnikov assault rifles.



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Western diplomats here don't agree with the Reagan administration's conclusion that the Nicaraguan regime is totalitarian. "It's not, not yet," an ambassador said. "But the building blocks are in place."

At the core of the system are the leaders of the Sandinista National Liberation Front, the FSLN, who form the National Directorate, a sort of Politburo.

The FSLN takes its name — and its central anti-U.S. impulse — from Augusto Sandino, who led a guerrilla movement against the U.S. Marines in Nicaragua between 1927 and 1933. He was killed in 1933 by the Nicaraguan National Guard, which was commanded by Anastasio Somoza Garcia. In 1979, the political heirs of Mr. Sandino thought they had closed the circle by overthrowing Somoza Garcia's son, Anastasio Somoza Debayle.

Since then, the Sandinistas have been attempting to convert a guerrilla movement into an effective ruling party, a "vanguard" on the Marxist-Leninist model that will impose a command economy and that will dominate, until it eventually eliminates, opposing political formations.

The effort is producing strains within the leadership, according to foreign and Nicaraguan specialists.

Mr. Ortega, along with his brother, Defense Minister Humberto Ortega, is counted as the most pragmatic of the Sandinista leaders. He is said to have told a friendly diplomat not long ago that the FSLN had made a lot of errors, many of them, he said, because "we allowed our Marxism-Leninism to overcome our Sandinism" — an outside ideology had taken precedence over what was "Nicaraguan" and presumably not monolithic.

Tomas Borge, the oldest man in the National Directorate, is also the most ideologically hard line, according to the specialists.

While the Ortegas control the regular armed forces, Mr. Borge, as interior minister, has charge of the regular police, the secret police, military counterintelligence, a militarized field unit of 2,000 to 3,000 border guards, the CDS, the 40,000 militiamen and censorship.

Daniel Ortega is believed to feel it is important for Nicaragua to preserve the remnants of political pluralism, if only as a moral shield behind which other Latin Americans can join him in Nicaragua's confrontation with the United States.

Mr. Borge is said to be prepared — should the crisis become more acute — to dispense with the democratic window dressing.

Tomorrow morning in The Sun: Dissent in Nicaragua.

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BALTIMORE SUN
28 April 1986

Leaders, internal opposition sharpen rift

By Stephens Broening
Sun Staff Correspondent

MANAGUA, Nicaragua — The government is stepping up pressure on the main centers of legal dissent in Nicaragua — the Roman Catholic hierarchy and the country's only independent daily newspaper, *La Prensa*. Both were in opposition to the previous Somoza dictatorship.

Deprived in past months of its weekly newspaper and its radio station, the church has recently been told that the government has decided to confiscate everything found at an archdiocesan social services center the Interior Ministry shut down in October. Among church goods the government now claims as a result of the seizure are some desks, typewriters, a printing press and the cardinal's official seal.

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Cardinal Miguel Obando y Bravo, archbishop of Managua, primate of Nicaragua, disclosed the government's action during a homily at the clean, well-lighted church of Santo Domingo on the outskirts of the capital. In the day's epistle, he likened the trials of the church in Nicaragua to those of the apostles: ". . . Calling in the apostles, after they had scourged them, they charged them that they should not speak at all in the name of Jesus."

La Prensa's most recent troubles involve what its editors see as a veiled government threat to take it over, combined with an increasingly repressive and time-consuming censorship of the paper's news and editorial columns.

On a recent day, April 7, the cuts demanded by the censor were so extensive that the editors decided not to publish. To do so, they concluded, would have hurt the reputation of the 60-year-old newspaper and shortchanged *La Prensa's* estimated 150,000 readers. Of the news and editorial matter set for publication, the censor banned about 80 percent.

Scheduled to lead the paper that day was a story on a pastoral letter from the cardinal appealing for national reconciliation and an end to Nicaragua's civil war. In the pastoral letter, the cardinal also was sharply critical of pro-government priests who have joined the "People's Church" in defiance of episcopal authority. The text of the letter, 137 inches of type, was scheduled for *La Prensa's* inside pages.

The censor said no, as she did to other submissions, including a United Press International story out of Washington discussing the possible use of U.S.-made "Stinger" anti-aircraft missiles in the war between the Nicaraguan regime and its armed opposition, the "contras," based mostly across the northern border in Honduras. The report said the Stingers would be effective against the helicopter gunships the Soviet Union has supplied Nicaragua to suppress the counter-revolutionary — or contra — insurgents.

Roberto Cardenal Chamorro, editor of the editorial page, keeps a chart of how much copy the censor cuts and how long it takes the censor's office to return the page proofs *La Prensa* sends over for scrutiny every morning. For *La Prensa*, the trends are unfavorable.

During the first half of 1984, cuts averaged 25 percent; for the second half of the year, 26 percent. During the first six months of last year the volume rose to 41 percent and increased over the rest of 1985 to 43 percent. This year, it has grown to over half.

Also important for *La Prensa* is the length of time it takes every day to get approval for publication. The longer it takes, the later *La Prensa* is in starting its presses and the later the paper gets to the newsstands. Delay raises costs.

According to Mr. Cardenal's chart, the paper was getting the censor's authorization in about three hours in 1984. Last year the average turnaround time was more than four hours. On April 8 of this year, the proofs weren't returned until 4:50 p.m., five hours and 20 minutes after they were submitted. Mr. Cardenal said that is about average now.

Mr. Cardenal said, "The purpose of these delays is to affect our readership."

Average daily sales of *La Prensa* this month have been 60,734, which Mr. Cardenal said gives it a circulation larger than either *Barricada*, organ of the ruling Sandinista Front party, or *El Nuevo Diario*, the pro-government paper that proclaims itself to be "a new journalism for the new man." *Barricada* and *El Nuevo Diario* are morning papers.

With Decree Laws 511, 512 and 513, the regime reestablished censorship in September 1980, 14 months after the overthrow of dictator Gen. Anastasio Somoza Debayle. Although government officials now justify censorship on the basis of the war and aggressive U.S. opposition to the regime, Mr. Cardenal said the decrees were promulgated before the insurgency began and while Nicaragua was still receiving U.S. aid.

The way the censorship process works, Mr. Cardenal said, is that the day before publication the editors send a messenger to the Interior Ministry with proofs of news stories, editorials, photographs and advertisements intended for the inside pages. Copy for the front and back pages goes to the censor at 11:30 in the morning the day of publication. The editors must also send along for scrutiny filler material to replace any stories that might be disallowed. The authorities don't permit blank spaces in the paper to show where it has been censored. It wouldn't look good, they've told *La Prensa*.

With the proofs, the censor sends back a report on stationery printed with the letterhead of the "Bureau of Communications Media, Ministry of the Interior." The date is typewritten, and so is "Managua, Nicaragua Libre" — "Managua, Free Nicaragua."

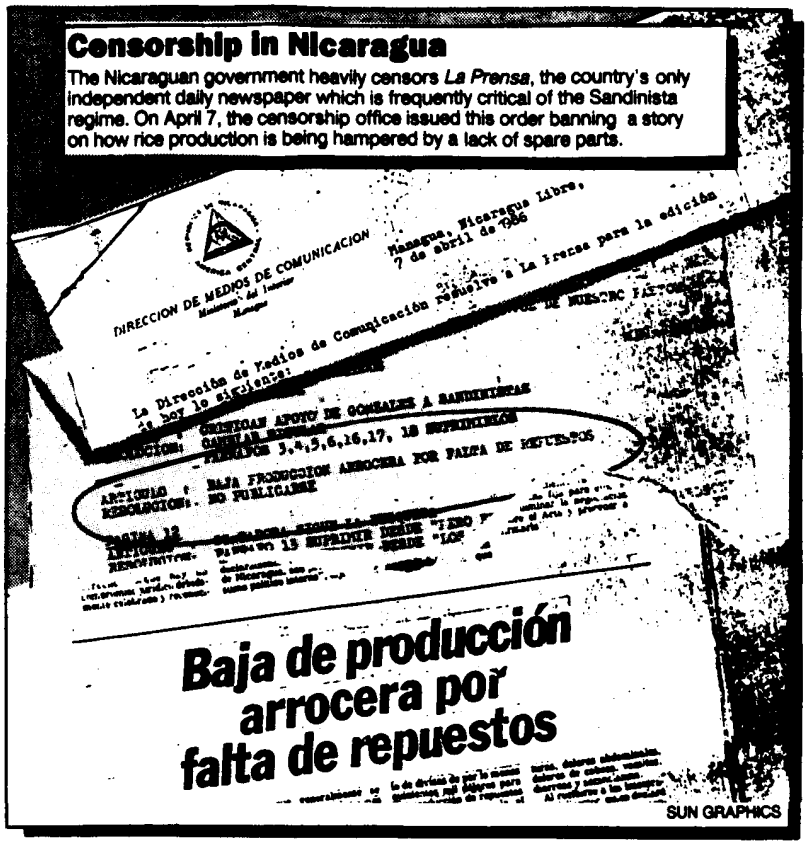
Capt. Nelba Blandon, the censor, doesn't give an explanation for her decisions. As on April 7, she said: ARTICLE: LOW RICE PRODUCTION DUE TO LACK OF SPARE PARTS. DISPOSITION: NOT TO BE PUBLISHED. There is not a signature, just an Interior Ministry stamp.

"It's a negation of reality," Mr. Cardenal said, "They deny things exist. It's a kind of defense mechanism."

In the same vein, Mr. Cardenal attempted to explain why the authorities simply don't shut *La Prensa* down. "They are wearing a mask — it's part of their neurosis — a mask of social democracy, and they need *La Prensa* for that," he said. "*La Prensa* is a good symbol of pluralism."

The government recently made an attempt through an intermediary to take over the paper. *La Prensa* was offered "an excellent price," but turned it down.

"If we go, they will lift censorship," Mr. Cardenal said. "They won't need it. That would give them a respectability they don't deserve. Now they are having to prove every day that there *is* censorship."



Mr. Cardenal and his colleagues see the paper as an important national institution. "We have a responsibility to the Nicaraguan people. They are going through a very difficult time now, and we must accompany them," Mr. Cardenal said.

La Prensa and its owners opposed the dictatorships of General Somoza and his father, Anastasio Somoza Garcia. The assassination in early 1978 of Pedro Joaquin Chamorro, *La Prensa's* editor, catalyzed labor-union and middle-class opposition to the Somoza regime, facilitating the triumph of the revolution in July 1979.

Nowadays the Chamorro family breaks up along political lines. One of Pedro Joaquin's sons, Jaime Chamorro Cardenal, runs *La Prensa;* another son, Xavier, is editor of *El Nuevo Diario,* and was the front man for the government's attempt to buy *La Prensa.* The rift extends to Chamorro cousins, such as Mr. Cardenal, and his first cousins, Ernesto Cardenal, the culture minister, and Fernando Cardenal, former head of the government literacy program.

Ernesto and Fernando Cardenal are Catholic priests affiliated with the "People's Church." With their backing, the government is increasing its harassment of the official church, singling out Cardinal Obando for special attention.

For example, the cardinal was accused in *Barricada* recently of being "the spiritual leader of the contra," although no evidence was presented connecting the prelate with the contra cause.

Cardinal Obando's position, and that of the bishops, is stated in the pastoral letter that no newspaper was allowed to publish. "Enough bloodshed and death!" he said. "The blood spilled by so many Nicaraguans clamors to the heavens. It is urgent for Nicaraguans, free from foreign interference and ideologies, to find a solution to the conflict in our homeland.

"Foreign powers are taking advantage of our situation by fostering economic and ideological exploitation. They see us as objects to support their aims, without regard for our persons, our history, our culture and our right to choose our own destiny."

The cardinal is probably the most respected person in the country. Unlike his high-ranking attackers, he is a man of a humble origins, a mestizo. He projects an air of physical and moral determination, one that critics say is on the fringe of arrogance.

The cardinal's supporters contend that the government is far from subduing him or the Catholic Church. But they say that both are on the defensive, and, like *La Prensa,* are in no position to arouse open opposition that would place the regime in danger.

Tomorrow: The military confrontation.

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BALTIMORE SUN
29 April 1986

U.S. military maneuvers pose as symbol, threat

By Stephens Broening
Sun Staff Correspondent

NICARAGUA
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Last of three parts

TEGUCIGALPA, Honduras — Crates of new Soviet Mi-24 helicopter gunships are in the Cuban port of Mariel awaiting transshipment to Nicaragua for use against the U.S.-backed "contra" insurgency, according to American intelligence reports.

American sources said they expect the heavily armed gunships to be sent to Nicaragua as soon as the U.S. Congress makes a final decision on the Reagan administration's request for $100 million in aid to the insurgents, who operate mainly from bases near the border in Honduras.

The Senate has approved the aid package, which includes $75 million in military assistance; the House is supposed to reconsider it in June.

U.S. informants said they think the helicopters are intended as replacements for some of the Mi-24s the Soviet Union sent two years ago. The estimated dozen gunships already in Nicaragua are said by U.S. sources to be wearing out.

Disclosure of the intelligence report, the debate on the contra aid package and recent U.S. actions in Honduras show some of the military aspects of the Reagan administration's confrontation with Nicaragua, whose regime, President Reagan said, is "a cancer that must be excised."

By all accounts, U.S. economic sanctions are contributing to a worsening situation in Nicaragua and to disaffection with the Marxist leadership. But no expert observer interviewed in Nicaragua or in neighboring Honduras thought there was much of a chance that popular discontent would topple the Sandinistas.

Nor did diplomats or other specialists consider it likely that the contras would defeat the Nicaraguan army and bring about a change in regime.

There are an estimated 10,000 to 20,000 contra insurgents. There are 60,000 men and women in Nicaragua's regular army.

President Reagan has stated that he does not intend to commit American troops against Nicaragua, a point U.S. diplomats are quick to emphasize. But some officials are skeptical — Hondurans in private, Nicaraguans openly so.

"If he wants the Sandinistas out, he may not have any other choice," said one Honduran.

"We expect the Americans to come," said Angela Saballos, spokeswoman for the Nicaraguan Foreign Ministry. "Their proxies are not functioning, and Reagan is so committed [to our downfall] that he will have to act in accordance with that commitment."

For a U.S. expeditionary force to intervene and quickly subdue the Nicaraguan armed forces would require about 60,000 U.S. troops, according to a diplomat familiar with a classified American assessment.

A West European ambassador concurs but — along with senior U.S. officials — thinks that intervention would cause great damage to U.S. interests by inflaming anti-U.S. sentiment throughout Latin America.

"Militarily or politically, Nicaragua is in no position to threaten an entire continent. There is a way that Nicaragua could threaten the entire continent . . . and that is in the case of American intervention," the ambassador said.

President Reagan himself remarked recently, "I don't think we'd have a friend left in Latin America if we used American forces."

Nevertheless, it is part of American policy to create the impression that U.S. military intervention is a possibility, diplomats say.

A lot of that focus is in Honduras, where since early 1983 the U.S. military has been on almost continuous maneuvers that have included the construction or improvement of roads and aircraft runways.

Mrs. Saballos, the Nicaraguan Foreign Ministry spokeswoman, described the maneuvers as "war games to test possibilities for the future."

Honduran President Jose Azcona suggested he had similar concerns when he said in a recent interview that his country shouldn't be used as an "aircraft carrier for the invasion of Nicaragua." He immediately added that he didn't think the United States was considering such an act.

Awareness of the U.S. military presence in the region was sharpened suddenly last month in the minds of Latin American and European diplomats when U.S. helicopters were used for the first time in a military operation aimed — at least symbolically — at the Nicaraguan army.

At U.S. insistence, President Azcona made a public request for U.S. help. He asked that U.S helicopters transport 600 Honduran troops "toward" the area Nicaraguan troops had entered to attack contra base camps. The American ambassador, John A. Ferch, was in the Honduran president's office as the request was drafted.

After declaring the urgency of the situation, Mr. Azcona left the capital for a seaside vacation.

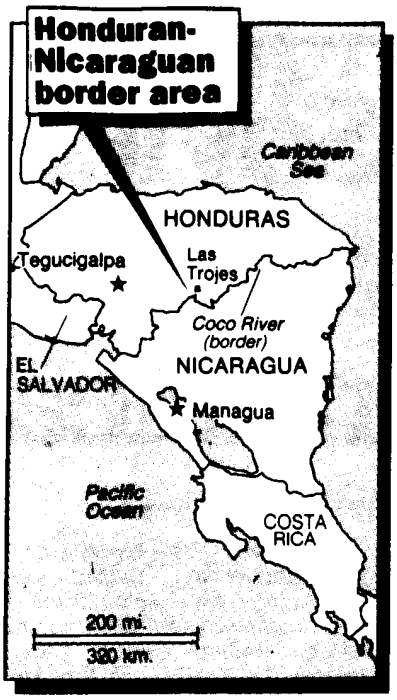
By the fifth day of the incursion, half of the 600 Hondurans had been airlifted to within several miles of the attack — but the Nicaraguans had already withdrawn. On the sixth day, the rest of the Hondurans were in place.

Some diplomats questioned the military necessity of using American helicopters. They saw it essentially as an opportunity for the United States to symbolize its determination to protect the contras in their Honduran sanctuaries should the need arise and to threaten, by implication, a more direct U.S. involvement in the war.

In the view of a European diplomat, the use of U.S. helicopters "was an important escalation." Mrs. Saballos, in Managua, said her government thought so, too.

As it turned out, U.S. personnel on the ground at the time were monitoring the combat and reported that the contra forces held their own against the Nicaraguans, according to U.S. officials.

The disclosure that Americans were present during the fighting contradicted earlier Reagan administration statements that all reports on the combat came from contra or Honduran army sources and that no Americans were at the scene.



SUN GRAPHICS

U.S. officials in Honduras contend that the helicopter airlift was essential.

And they dismiss suggestions that with 30 or 40 trucks the Honduran army could have moved 600 troops to the combat area in less time. The region is too remote, they said.

From the presidential palace in downtown Tegucigalpa, it's about 110 miles to Las Trojes, the town nearest where the Honduran troops were airlifted.

The first 78 miles of the way is over a well-paved two-lane road that can be covered in a jeep in about an hour and a half. The rest of the way is over a solid dirt road that shouldn't give military trucks any problems.

Along the paved road, about midway, there are signs by the highway showing the encampments of a Honduran infantry battalion and an artillery battalion.

A reporter asked a U.S. military officer in Honduras whether the Honduran army, on its own, could have moved less than a battalion of troops over a 110-mile distance in six days — even if they had to walk.

"No," the officer said icily. "No."